श्रीमती सरोज दुबे(बिहार)**:** सर, धम्मा वीरियों जी ने बिहार के मुख्य मंत्री के बारे में जो आरोप लगाया है, वह निराधार है। यह वहां की माननीय मुख्य मंत्री जी को बदनाम करने की एक साजिश हो रही है। सभापति जी, बिना किसी प्रमाण के कम-से-कम सदन में इसे नहीं उठाना चाहिए था, इसलिए मैं आप से अनुरोध करती हूं कि इस बारे में ध्यान दिया जाए और इसे कार्यवाही से निकाल दिया जाए।

श्रद्धेय धम्मा वीरियो (झारखंड़)**:** यह सब पेपर में आया है।

SHRI SANGH PRIYA GAUTAM (Uttaranchal) : Sir, she can associate. How can she dissociate?

MR. CHAIRMAN: We now go over to the next item.

STATUTORY RESOLUTION

I. SEEKING DISAPPROVAL OF THE COMPANIES (AMENDMENT) ORDINANCE, 2001

II. THE COMPANIES (AMENDMENT) BILL, 2001

SHRI V.V. RAGHAVAN (Kerala): Sir, I move:

"That this House disapproves the Companies (Amendment) Ordinance, 2001 (No.7 of 2001) promulgated by the President on the 23rd October, 2001."

Sir, it seems that the NDA Government is resorting more and more to the rule of promulgation of Ordinances. There was no justification at all to bring in an ordinance to amend the Companies Act. The reason stated is that an urgency arose because of the attack on the World Trade Centre in New York and on Pentagon in Washington. We all know the real reason for the crisis in our stock markets. This is because of the repeated scams that are taking place; and the dubious activities of Mutual Funds, financial institutions and companies. Of course, the slowing down of our economy is also a reason for the problems existing in our Stock Exchanges. But this amendment will not help in overcoming these problems. Mr. Chairman, Sir, this amendment states that the power of buy-back of shares will not be

vested in the General Meeting of the shareholders, but in the Board of Directors. This Bill is detrimental to the interests of the shareholders. Sir, it would have been better if the Minister of Finance had piloted this Bill. Then, we could have had face-to-face discussion. The main reason for the crisis in our stock markets and other institutions is the dubious activity of our financial institutions and Mutual Funds. We have pointed out the root cause of this activity to the Ministry of Finance several times. I requested the Finance Minister to take some drastic action, but no serious effort has been made. The scams and mismanagement are going on even now. Our financial institutions are advancing people's money to the dubious companies without any scrutiny. They are not paying back. The financial institutions are not able to recover these loans. The Ministry of Finance has given them an escape route. They say it is "Non-Performing Assets". A huge amount, Rs. 1,00,000 crores has been advanced, and the financial institutions are not able to recover these loans. These loans have been given to the big business people, big companies and individuals. They did not repay these loans to the banks; and the banks have put this huge amount under the heading "Non-Performing Assets". Though it is an asset of the bank, they are not taking any steps to recover it.

In the last Budget Speech, the hon. Finance Minister had assured that something would be done. He said, "If a new legislation is required, I will not hesitate to bring forth a legislation. This huge amount under the heading of "Non-Performing Assets" cannot go. on like this." That was the promise, but, so far, it has not been implemented. If it goes on like this, one can imagine what would happen to our financial institutions. Now, our financial institutions are in a serious crisis. We know about the IDBI. They have advanced money to non-existing companies and individuals. A huge amount has to be recovered by them. The same is the case with the IFCI and the ICICI. I would request the Minister to go into the affairs of the prestigious ICICI. I need not say about our nationalised banks. These things are going on like this, not because of any natural happenings, but due to political intervention. Advances are made by pressure, by political interference. And you cannot recover them. To add fire to these affairs, we hear from the media that the Finance Ministry is giving huge amounts to these defaulting companies, defaulting institutions, as compensation for the NPAs. "Who authorised you, I want to ask the Finance Minister. Thousands of crores of rupees from the exchequer, the people's money, is given to the financial institutions which have mismanaged, which have advanced money

irrecoverably. You are paying them out of the exchequer! Who authorised you? How can you do that? You say that there is no money for the PDS subsidy, there is no money for the subsidy to the agriculturist, that there is no money for education, that there is no money for health-care. But, you are advancing thousands and thousands of crores of rupees to these defaulting institutions, in the name of NPAs. This is against the assurance given to this House and this is against the people's interest. Please go over this. The NDA Government has to go over this. What is the real root cause of the crisis in the stock market? What is the real crisis in the mutual funds? What is the real crisis in our financial institutions? Even deposits received from people are advanced bypassing all the rules and regulations of the RBI. All the norms of the SEBI are violated. I can point out several banks, several institutions, advancing money, giving loan to companies or individuals for 17 years, 18 years, with the money which is deposited for 10 years. If a crisis comes, who are the losers? The people. It now occurs in several of our prestigious financial institutions. All these happenings, I repeat, are because of political intervention, because of intervention from higher-ups. Otherwise, why do you give them money? What is the worry for the Finance Minister to advance public money to the defaulting institutions in the name of NPAs? Sir, the common shareholders' interests are being violated. They are being cheated, they are being looted.

To cover up all this, the September 11 urgency is put forward and " the Ordinance is brought. For heaven's sake, do not rush to the practice of ordinances. 'Rule by Ordinances' is not at all good for the NDA. The term 'NDA' has now come to be known as standing for Non-Democratic Administration' practices.

So, Mr.Chairman, Sir, I disapprove this Ordinance. I strongly protest the promulgation of this Ordinance in the name of September 11. It has come before us as a *fait accompli.* This is not the way for this august House to function, to pass these legislations. So, I disapprove the Ordinance and I protest the way the legislation is being brought in. Thank you.

MR. CHAIRMAN: Shri Jaitley.

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY): Sir, I beg to move:

"That the Bill further to amend the Companies Act, 1956, as passed by the Lok Sabha, be taken into consideration."

This amendment to the Companies Act of 1956 is intended to bring about a procedural change in the procedure of buy-back of shares by companies themselves.

Sir, in the year 1999, after initially it was promulgated as an Ordinance, the Companies Amendment Act of 1999 was passed by this hon. House. That Act had added the provision of section 77A, and permitted a company to buy-back up to 25 per cent of its share capital. Originally, the concept of a company was that a company could never be permitted to buy-back its own shares. But the corporate governance the world over changed, and companies were also permitted to buy-back shares, and in 1999, we amended our own Companies Act, enabling our companies to also buy-back up to 25 per cent of the company shares. After a buy-back is completed, there are two processes the world over, either those shares are kept in treasury for being redistributed again in future or those shares are destroyed after the buy-back itself. We had opted to take the second option. Sir, this amendment only brings about a procedural change. The procedural change being that whereas to permit 25 per cent of the buy-back, a Special Resolution of the AGM or the EGM of the company is required for purchasing up to 10 per cent out of those 25 per cent of the shares, the procedure has been made simpler. For purchase of ten per cent of the shares or buy-back of the ten per cent of the shares, the Board of Directors of a company is being empowered. Under the corporate governance, there are several powers which are there with the Annual General Body of the company. There are also powers which are there with the management of the company. The second change which has been brought about is that a company which buys-back its shares, cannot buy-back a second tranche within 365 days. Therefore, a one year gap would have to be maintained, and thirdly, a company for the next six months is not permitted to make any fresh issue of capital of the shares of the company itself. These are the three procedural changes, which have been brought. The object of this is to simplify the procedure and enable the compalny to buy-back, because a suggestion was made as to how does it help small shareholders and the investors as far as the company is concerned. Sir, the object of simplifying the buy-back procedure up to ten per cent and enabling the companies to buy-back, particularly, in a situation

where for the last several months, stock markets had been dipping, this process had started somewhere in the middle of March, and after 11* September, stock markets the world over started going down, one of the objects before the Government was to help revive the economy, and revival of the capital market was one of the objects in any financial planning before the Government. Companies which have reasonably large reserves, book values of whose shares are also large enough, in a depressed market conditions were quoted at a reasonably low price. In such cases, where the companies start buying-back their own shares, there is additional liquidity which is added to the market, the buying process of the company shares starts, the values of those shares move up, and therefore, all categories of shareholders, particularly, small investors, who have less holding capacity and who are wanting to sell their shares, would have to sell them at a depressed price otherwise. Once the buy-back process starts and the values move up, and thus are certainly going to get a value which is anticipated to be higher than the value at which the shares were originally quoted. Similarly, those shareholders who have a capacity to hold on to their shares, the value of their shares itself would also go up. Therefore, this is a move which would add liquidity to the market, this is a move which will push up the price of shares of the companies and bring additional benefits to the small shareholders, who otherwise, would have to sell the shares in a depressed state of market, their values now that they would get would be much higher and this would be applicable to both categories of shareholders, that is, those who are wanting to sell and those who have a capacity to hold on to their shares itself. Sir, a question was raised as to why the Government considered issuing an Ordinance. Sir, the Parliament was not in Session. The stock markets were in a depressed condition. The small investors were the worse affected out of that situation. Therefore, this move was considered to be brought by an Ordinance itself, that is, this amendment, and the effect of it was that some companies which have already started the process, it has to some extent, though not to a very large extent, started the process of brightening up the prospects of the market itself, and because of the urgency in giving some relief to this category of investors, the Government considered it appropriate to bring this move by issuance of an Ordinance. Sir, I propose to the hon. House that this procedural amendment which is being brought about as the Companies (Amendment) Bill, 2001 be approved by the hon. House.

The questions were proposed.

MR. CHAIRMAN: Shri Nilotpal Basu. Not present. Shri Kapil Sibal, I did not see you.

SHRI KAPIL SIBAL (Bihar) : Mr. Chairman, Sir, I am obliged. I had a Private Resolution.

MR. CHAIRMAN: The Resolution has been moved. Mr. Sibal, now, you will be speaking.

SHRI KAPIL SIBAL : Mr. Chairman, Sir, I am obliged to you for having given me an opportunity to .speak on the Amendment Bill. First of all, Mr. Chairman, Sir, I will not be opposing .....

MR. CHAIRMAN: You are speaking on both, the Resolution and the Bill.

SHRI KAPIL SIBAL: I am speaking on the Bill now. Since he has moved it, I am speaking on the Bill.

MR. CHAIRMAN: The Resolution has also been moved.

SHRI KAPIL SIBAL: I know it is being moved. As I said, I will not be opposing the passing of this particular Bill, but I would like to bring to the notice of the hon. Minister some issues which, I think, are pertinent, and in respect of which I don't think the Government has really applied its mind. As you know, the policy under the Companies Act is that the company is not entitled to buy-back its shares, but there are certain exceptions,--and the exceptions were provided in the Companies Act- and this could only be done in a situation where, through a special resolution, at a general meeting, the shareholders approved the buy-back of shares. What this Bill seeks to do is to take away that power from the shareholders and vest it in the Board of Directors. That is why, if you see the present Bill, in section 77A of the Companies Act it is mentioned:

> "In sub-section (8)(2), in clause (b), the following shall be inserted, namely:--
>
> provided that nothing contained in this clause shall apply, in any case where the buy-back is less than ten per cent of the

> total paid-up equity capital and free reserves of the company; and that such buy back has been authorised by the Board by means of a resolution passed at its meeting."

"The resolution passed at the meeting of the Board." If you look at the provisions of the Companies Act, as they stood prior to the moving of this Amendment, you will find, Sir, in section 77(2)(b):

> "No company shall purchase its own shares or other specified securities under sub-section(i). Unless a special resolution has been passed in a general meeting of the company, authorising the buy-back."

So, instead of allowing this part to be vested in the shareholders, it is being given 1o the Board of Directors. The problem was that the shareholders, by and large, would look at the merits of the buy-back arrangement, and it would have to be passed by a three-fourths majority because the special resolution would require a three-fourths majority. Now, the Board of Directors, without reference to the shareholders, without reference to the general meeting can, by a simple majority, decide to pass such a resolution and the buy-back arrangement can be made except that now the buy-back is limited to less than ten per cent. Now, Sir, first of all, it is contrary to corporate democracy. But, of course, the objective of the Government is to give a fillip to the sagging price in the share market. I wonder how this will help the share market, in any way. Why? Because the one-time buy-back arrangement in this situation is a one-time arrangement over a period of almost six months. So, how a one-time buy-back at the instance of the Board of Directors is going to help the sagging share market in that particular equity, I really wonder. The hon. Minister just said that, in fact, after the 15th of October, it had a salutary effect. I am sorry to say, this could not be, because the whole process itself takes a long period of time where there had hardly been any buy-back after the 15th of October. The hon. Minister should clarify which are the companies where there have been buy-backs after the 15th of October, which has helped the sagging of price of that equity. On the contrary, I might inform this hon. House that this particular provision in its working will be used by, the company to benefit some of its own promoters. I will give you an example. Suppose a promoter--and everybody knows that a promoter has a large share-holding normally in the company's equity-has 30 per cent. The price of the share in the market is sagging, and the promoter knows

that, in fact, there is no possibility of bringing up the price, and the cash reserves of the company are huge. What will it do? It is entitled to fix the price of the buy-back to the extent of ten per cent, at any price they want, through the Board of Directors. So, they will benefit themselves by placing high price on that equity buy the shares and, while the market is still down, buy back the shares from the market at a much lesser price. I hope I have made myself clear. This buy-back arrangement allows the cash reserves of the company to be used to buy the shares held by various shareholders. Suppose a promoter holds 35 per cent of the stock. What will happen is that, through a Board resolution, a certain percentage, not more than 10 per cent of the total equity, will be purchased by the company using this reserves, and the price is fixed by the company itself So, the price will be much higher. Suppose the book value is Rs.80, the equity price in the market is Rs.10. They may buy it at Rs.200 and they will enrich themselves by buying it at Rs.200, but the market value will not rise much above Rs.10. Having enriched themselves from the cash reserves of the company, they will buy those very shares that they have lost. In other words, they will be bought back by the company at a much lesser price, say, Rs. 15 or Rs. 16 or Rs.20, even if the market were to rise. So, indirectly, this would be benefiting the promoters of the company. Of course, it might also benefit some of the shareholders because of the marginal increase in the share equity price in the market due to the buy-back arrangement. I believe that the rise in price in the equity market is hardly relatable to a onetime buy-back arrangement by a particular company. It is relatable to the general feeling that people have about the market; the general feeling that the people have about the economy. As we have seen in the past, no matter what you do, despite whatever the UTI does, the market value of shares is going down because of the basic problems with the economy, the basic problems in the indexes. Your growth rate of industrial production, your growth rate of agricultural production, your growth rate in other sectors of the economy, even in the services sector, has gone down. So, the share market will only reflect what is happening to the overall state of the economy. If that is so, how is a one-time buy-back arrangement going to give a fillip to the share market? I fail to understand that. Though the objective of the Bill is laudable that they want the share market price to pick up, I think it is a wrong way of going about it. Let the Government make an experiment with this. I only wish that what I am saying in this House today doesn't prove to be right.

The other thing to which I have an objection is the Ordinance route. What was the need for an Ordinance on the 15th of October? Where was the emergency, when the House was to meet on the 19th November? They could have very well waited till the matter was discussed in the House, debated in the House, so that we could have had a more erudite discussion on this. Once you make it a law, you make it a *fait accompli.* You could have, in fact, held discussions; you could have consulted all of us; I could have given you some suggestions. Why is this Government always going through the Ordinance route? It happened in the case of Sapru House; it happened in the case of POTO; it happened in this case also. Why is this urgency? I think, at some point of time, this House will have to lay down some guidelines. At least, we have to debate this issue-In what circumstances can the Government draw sustenance from the Ordinance-making power and issue Ordinances, when matters of great import can be discussed and should be discussed in the House? Having said that, though I don't formally oppose it, I have this caveat in respect of this Bill that has been proposed. Thank you very much.

MR. CHAIRMAN: Shri Nilotpal Basu. We will adjourn the House for lunch at 1 o'clock and we will meet at 2 o'clock.

SHRI NILOTPAL BASU (West Bengal): Okay, Sir, I will start now and continue after lunch.

Sir, I am a little surprised with this piece of legislation because my good friend, the hon. Law Minister, has, to his credit, the maximum number of Bills passed and piloted by this Government. So, consultation, formal and informal, which precedes the law-making exercise, is characterised by the activities of this Law Minister. But, when I see the opening lines of his justification for bringing the Ordinance, I am really aghast. Normally, I give credit to the Law Minister for doing his homework. But the opening line of his justification is, "for a considerable time, the market sentiment has been very vague, and because of the recent developments in the United States of America and other places, the situation has become worse".

MR. CHAIRMAN: Now, it is 1 o'clock. We will meet at 2 o'clock. The House is adjourned for lunch.

The House then adjourned for lunch at one of the clock.

The House re-assembled, after lunch, at four minutes past two of the clock,

THE DEPUTY CHAIRMAN in the Chair.

SHRI NILOTPAL BASU: Madam, actually I had just started and the point that I was making was that the manner in which the Bill was being piloted by the hon. Law Minister, really did not carry the normal attributes with which we had come to associate the piloting of such Bills by the hon. Law Minister, in the sense that the Statement of Objects and Reasons, which was part of the original Bill, as circulated to us, the opening statement itself, made a travesty of the facts which actually prevailed and which the Government claimed had necessitated the promulgation of the Ordinance. Why do I say this? I am not a great expert in capital markets. But my association of some six months now with JPC on securities scam allows me some insight into actually what happened in the share market, and on the basis of that little experience -- though I know it is my obligation not to disclose anything on the floor of the House that I have come to know as a Member of the JPC-- I could say that the fact is that the condition of the share market was better after the n[1] September than what it was before 11[th] September. Maybe, for the first few days after September 11, there was a further drop, but subsequently the share market had improved. Therefore, the 'compelling reason' for bringing the Ordinance is a total sham. And unlike the other share market scams, this time what happened was that the SENSEX, the NSC Index and the index of other markets, fell during a prolonged period of one year. Mr. Ahluwalia, who is my colleague on the Committee, will bear me out that it was not a sudden development; but indications were there; of course, there was a sharp fall after, one day of the presentation of the Budget. So, the single purpose of this amendment and the promulgation of the Ordinance are not really borne out by the fact because the whole sequence of events was protracted over a period of one year. Therefore, the question arises as to why is there this Ordinance. I am totally unconvinced by the argument given by my friend, the hon. Law Minister, that it is not a fact that it has suddenly happened; it was happening over a period of one year and, in fact, subsequent to September 11, the share market had actually started looking up. The difficulty was that the Government as a whole was not aware, or, in a very calculated manner, it allowed these things to happen. Why I am saying this was because the share market crisis was there because there was a systematic rigging of markets by certain players by bringing in money by using illegitimate

methods and all relevant norms and regulations were violated. How do you really, by relaxing the rules for the promoters, strengthen the market sentiments? How much role the promoters played in the strengthening of the market when it reached a boom of around 5,000 points in SENSEX?

It was not the promoters' money which primed up the prices of selected shares which constituted part of the basket which determines the Sensex. It was the money which was coming in from different sources, including the sources which have come to be infamously known as the Mauritius route, the OCB, the way the rules were relaxed and the Government looking the other way. So, how is it that by allowing the promoters to liberalise the buy-back arrangement, the market can again be enhanced? I think it is travesty of truth that the Government is making by saying that the promoters' buy-back will facilitate a resurgence in market sentiments, and the main objective of the Government is to save the small investors. Therefore, Madam Deputy Chairperson, I would urge upon the Minister to tell us, what is the actual experience of implementation of this Ordinance between 15th October till today when the Bill is being discussed, and how much buy-back has taken place. Is there any study made? Has the Government been able to evaluate to what extent the buy-back has taken place and to what extent the market sentiments have arisen? Because, one of the major problems of our share market is that if you see, even during the period of boom there is no relationship between the secondary market and the primary market. Normally, the textbook function of a share market is to create a sense of comfort in the promoters that if they come out with a good paper, a booming secondary market will allow them to exit at any point of time, when they want to exit. But, if you see, when the market was booming, it was not getting reflected in the activities of the primary market. This year, the situation till now is, only six primary issues have been made. As a Government, what-is our interest in improving the sentiments of the market? It is, because of the market, money can be mobilised for different important projects which can be used for development of the economy, particularly, in the infrastructure sector, i.e., the primary concern of the Government. Our primary concern cannot be the well-being of the corporates; our primary interest cannot be that we will make a select group of corporates feel happy. This is the logic advanced so often by our Disinvestment Minister, that the Government has nothing to do with all these business activities, 'heir primary concern is social sector; their primary concern is infrastructure. Therefore, if it so turns out that the only purpose of this amendment is to...

श्री संघ प्रिय गौतम (उत्तरांचल)**:** आप उधर मुंह करके क्यों बोल रहे हैं?

उपसभापति : उनको तो चेयर की तरफ देखना चाहिए।

श्री संघ प्रिय गौतम: यही तो मैं कह रहा हूं। उधऱ मुंह करके बोल रहे हैं। हम सुन ही नहीं रहे हैं ...(**व्यवधान**)... हमने तो सुना ही नहीं।

श्री नीलोत्पल बसु: हमारी नजर इधऱ-उधऱ हो सकती है लेकिन हमारा निशाना ठीक है।

श्री संघ प्रिय गौतम:क्या करें। उसका लाभ तो नहीं मिल रहा है।

श्री नीलोत्पल बसु: वही सबसे महत्वपूर्ण सवाल है-निशाना सही रहे।

उपसभापति: डिसइन्वेस्टमेंट मिनिस्टर साहब गुजराती की मसल पर चल रहे होंगे —राजा व्यापारी तो प्रजा भिखारी ।

SHRI NILOTPAL BASU: So, Madam, the stated objectives of this Government and the compelling reasons... *interruptions)...* "?j*> ^ Tfta*T *m&*\ Okay, I will be more careful. Therefore, I am saying that the stated objectives of this Government and what this Bill purports to do are self-contradictory. It will defeat the purpose. I totally agree with my friend, hon. Kapil Sibal, when he says that it will allow the corporates to shore up their share prices.

They purchase it at a much lower price today. I also ask the hon. Law Minister, through the Chair, whether he is aware of it. There are very many serious allegations about the nexus between the corporates and the brokers and other operators in the market. Therefore, can you guarantee this august House that the provisions that you are making in this Bill would be improved upon? Because, this is aimed at transparency. Earlier, 77A allowed corporates to go before the Annual General Meeting to adopt special resolutions but, here, you are arming the corporates to have decisions made in the Board meeting itself. What about the transparency in corporate governance, which we hear so often? We hear about corporates becoming models in terms of governance, though the Government is not properly governed I We also hear of corporates becoming pace-setters, in terms of enforcing the new standards of transparency in this country, so on and so forth. I think, it was very unfair on the part of the Government to

have brought it through an Ordinance. You give market sentiments as the reasons, but that was happening for over one-and-a- half years; there was no need to bring any Ordinance. Ordinance means, we can't apply the normal course, of the law being scrutinised by the Standing Committee. That is very vital in a country like ours where there is multiplicity of opinions. Standing Committee is a very effective instrument that we have for improving the quality of any legislation.

I know, there are people who derive immense happiness, pleasure, in seeing that the Parliament system here does not work. They say that there is no discipline and no quorum. Therefore, if the House adjourns due to certain unseemly developments, that makes news. But when we seriously debate and thrash out the issues, they do not find a mention in the media. It is more important to really mobilise all our energies and marshal all our skills in improving the quality of a legislation, which, by itself, can really sham all these misplaced criticisms. Towards that end, Standing Committee is a very important instrument that we have with us.

Of course, what was the hurry in bringing this Ordinance, which denies us an opportunity of scrutinising it in the Standing Committee? Please answer this question. I am not making this point simply to score a debating point. This is a serious issue which has to be reflected upon by the entire House, cutting across party lines. Why should we unnecessarily go in for Ordinances, when this instrument is available and it can be improved upon? I find, unfortunately, that the bureaucracy of this country, which has no business, no accountability, is stilling our sense of examination and our sense of scrutiny. Whatever helps them, they do it. Since the Ordinance route creates a situation whereby a legislation becomes a *fait accompli* before the House, it is thrust upon the Government, and, in turn, on the Parliament. Therefore, I seriously disagree, with the provisions of the Bill. I seriously disagree with the methods of this Bill. I can definitely say that the effect of this Bill would be counter-productive and it would only help a select group of corporates, which have been acting in league with the market operators in the past, which had led the country to such, a difficult situation. Therefore, I oppose the provisions of the Bill.

THE DEPUTY CHAIRMAN: Mr. Solanki. *...I/nterruptions)...* Your Party has 12 minutes. *...I/nterruptions)...*

SHRI GOPALSINH G. SOLANKI (Gujarat): Madam, I will take less than that and address the Chair. *...{Interruptions)...*

Madam, I rise to support this Bill. It has come out of an Ordinance promulgated on 23rd October, amending Section 77(A) and thereby reducing the period from 24 months to 6 months. It is not that it- is only in the interest of the investors or shareholders. But this Bill is with a view to benefiting those people who have invested their capital in the shares. There is some likelihood that when the market goes down, the image of the companies also goes down. In order to benefit the investors, now the investors can buy back their own shares out of the reserve funds and securities thereon. It is one point. It is not that the investors should lose and the companies retain their image in the market. Therefore, this Bill has been brought. I do not think there is something wrong in it because in the pre-iilh September period, it was not that the market was going down. We have experienced something in the market in the post-nm September period also. I think, that must be the main reason for bringing this Ordinance and thereby reducing the time to six months. I think this must be the main reason, and my friend, the hon. Minister, would also be advancing this. Madam, I support the Bill because this will ease the market also. Thank you.

THE DEPUTY CHAIRMAN: Mr. Virumbi, I am pained to inform you that your Party has only two minutes. *...l/nterruptions)...*

SHRI S. VIDUTHALAI VIRUMBI (Tamil Nadu): Okay, Madam. *...(Interruptions)...* Madam, I rise to support the Companies (Amendment) Bill, which is based on the Ordinance promulgated on 23rd October. Madam, when we go through the Bill, we have to see the exact situation prevailing in the country as well as the action taken by the SEBI, RBI and the Government to remedy the situation. Madam, I am a little bit allergic to Ordinances if any new policy has been introduced through them. We have to object to such a practice. But I feel that it is not a policy matter. It is only a. strategy to overcome the difficulties that we are confronted with in this country. Madam, now the situation is totally different. Whether it is industrial production or electricity, everywhere we have to improve the situation. Shri Nilotpal Basu has quoted from the Stock Index just now. But I am quoting from a different angle. An RBI study published in the October edition of its monthly bulletin shows that the corporate sector is

likely to end fiscal 2002 with an even lower quantum of investment than the previous year. It estimates a limited sample of corporations might invest around Rs.54,000 crores which would be marginally lower than the figure of Rs.55,000 crores for the previous year; But considering the actual investments in the past have fallen short of forecasts—last year, for instance, the forecast was for an outlay or Rs.62,000 crores, while the actual feJI short by good Rs.7000 crores -- fiscal 2002 might well end up with a figure below the RBI forecast.

Therefore, even the corporate sector was not able to achieve the target set by the R.B.I. The corporate sector has also not been able to function the way we expected it to function. It clearly shows that there is some slow-down. To rectify this, the banks on the one side, the SEBI on the other side, and the Government on the third side, tried their best. The banks have improved their functioning. It is evident from the fact that the gross NPAs have now been reduced to 12.4 per cent, from the previous year's rate of 14 per cent. It is the gross percentage of the total advances given. The net NPAs have been reduced to 6.7 per cent, from the previous year's rate of 7.44 per cent. Madam, to ease the liquidity further, the bank rate has been reduced by 0.5 per cent, and the CRR by 200 basic points i.e., from 7.5 per cent to 5.5 per cent. By reducing the CRR, the amount, which was locked up in the Reserve Bank of India, and now released into the market about Rs. 8,000 crores. The banks have released the money. Now, it is to be availed of by the industry. It is to be availed of by the production sectors. For that, now, there are two ways. The first one is through equity and the second one is through bonds. The bonds are less risky. According to the latest figures and statistics of the RBI, the investment in the bonds has doubled, while the investments in equity, have come down by 50 per cent. Therefore, it has suffered on the equity front. Since bonds are less risky, it has gone up. Therefore, there is a need to further strengthen the equity front. To strengthen the equity market, the Government have taken some steps. This Bill is one among those steps. In this context, I feel,, the Ordinance is essential. Otherwise, if the Bill comes in the usual manner...

SHRI KARL SIBAL: Madam, you have mentioned that the hon. Member is always brief and talks to the point. I want to know as to why the hon. Member is making an exception today.

THE DEPUTY CHAIRMAN: With the indulgence of the Chair.

SHRI S. VIDUTHALAI VIRUMBI: Thank you very much, Madam. The Government have taken two decisions. The first initiative taken by the Government is regarding OCB. Now, the loophole in the OCB has been plugged. Now, in the OCB sector, any one can invest only in an individual capacity. I respect the Standing Committees as any other hon. Member does. But, at the same time, if the Bill goes through that process, it will not come before the House during the current Session. It may come in the next session. By that time,' the purpose for which this Ordinance was issued would be defeated. Therefore, I feel, the Ordinance that has been promulgated by the Government is in order. However, there is an apprehension about it. The apprehension, in a sense, is that, before this amendment, it was obligatory that people have to intimate the SEBI. Now, there is no such thing. Madam, yesterday, I was reading the *Business Line*. The corporate observers pointed out in the *Business Line* about this Bill. Madam, with your permission, I quote it. It says, "The corporate observers point out..." -- Now I come to Mr. Kapil Sibal -- "

THE DEPUTY CHAIRMAN: Then, the justification was, why was it brought as an Ordinance; now, the justification is about the Bill.

SHRI S. VIDUTHALAI VIRUMBI: "...The latest amendment to the buy-back regulations are, however, silent on the mandatory requirements prior to considering of buy-back proposal. The SEBI had decided earlier that the companies resorting to buy-back of securities, with the approval of just the Board of Directors, need to give prior notice to the stock exchange, at least, seven days before consideration of such proposal by the Board of Directors."

But the Bill is silent" on this particular aspect. Secondly, the SEBI -- at its meeting, held on 1^{8,} November - had also approved modifications to its 'buy-back of securities regulations', requiring the companies to communicate the decision of the Board to stock exchanges within fifteen minutes after the conclusion of the meeting. This decision is also not reflected in the amendments. The reason for the -Bill being silent on this will, I suppose, be addressed by the hon. Minister and he will enlighten us. Therefore, corporate observers point out that 'the SEBI might well-enforce such norms through amendments to the listing agreements'. "The SEBI

officials were not available for comments", they say. Now, the corporate observers are expecting some amendments through the SEBI, not through the Bill. Therefore, I hope, the hon. Minister will explain to us why the Bill is. silent about these two things. At the same time, I feel this is an essential Bill. It has been brought before us at the appropriate time, to. see that investment in the corporate sector is further enhanced. I, therefore, totally support the Bill. With these words, I conclude, Sir. Thank you.

SHRI FALI S. NARIMAN (Nominated) : Madam Deputy Chairman, the brief point on which I wish to intervene is not the substance of the Bill, but to draw attention, today, to the frequent use of the power of promulgating Ordinances. The Companies Amendment Ordinance of 23rd October has now become a Bill, which, in due course, would be passed; and so be it. But let me emphasise what is already well-known and may well be said to be elementary, but, sometimes, the elementary has also to be emphasised. The making of laws under our Constitution is a legislative function, not an executive function, both at the Centre and in the States. And we have all repeatedly pledged ourselves to the parliamentary system of democracy. Making of laws, when Parliament is not in session, is an extraordinary power, conditioned by the Government's satisfaction that circumstances exist which necessitate the taking of immediate action. Of course, the Government is the best judge, but neither the sole judge nor the final judge. The final judge is Parliament, because the law, when made, must be laid before Parliament, because the operation of an Ordinance lapses on the expiration of six weeks from the reassembly of Parliament. What is this for? This is in order to ensure control by the law-makers, of the law-making function. I would submit that we should make this control more meaningful. It should not merely be ritualistic, as it has been in the past. I do not go into the reasons in this case for promulgating the Ordinance, given by the hon. Minister white speaking on the Bill. I will assume that they are correct reasons. But I submit that we should know whether those who drafted the Ordinance were actually conscious of the reasons for invoking Article 124. And we must all be told of those reasons earlier, so that they could appropriately be addressed when a particular Bill is introduced. There is much too frequent use of the Ordinance-making power, both at the Centre and in the States. .I would submit for the consideration of this hon. House whether it would not be more appropriate and proper to require the exercise of this Ordinance-making power to be actually conditioned by a Statement of Reasons attached to the Ordinance,

mentioning the precise circumstances which exist that required the taking of immediate action to enact a law, not a mere repetition of the formula, but someone must apply his mind to the precise reasons why immediate legislative action is required to be taken, and to state it. This would help check the overuse of this power of making Ordinances. Especially, Madam, since the Supreme Court has now held that an Ordinance once promulgated remains law, even though it lapses on the expiration of six weeks of the reassembly of Parliament, and all acts done under such a law are valid. This is the only way in which we can assert our commitment that we keep making, both outside and inside the House -- as we did only last Sunday, in the Central Hall — to the parliamentary system of democracy.- Debating on a measure which has already become a law is not at all the same as debating a Bill which is to become a law.

As has been pointed out, there are so many changes that may be suggested, a consensus may be reached, as is often done, and that is the whole essence of parliamentary functioning. The importance of this House, I respectfully submit, whenever Ordinance is resorted to, gets diminished. I submit that the power under Article 124 should be guided and controlled, and the only body that can guide and control it is this House. Thank you, Madam.

THE DEPUTY CHAIRMAN: Now, the discussion is over. Mr. Minister.

SHRI ARUN JAITLEY : Madam, I am extremely grateful to several hon. Members of the House who have expressed themselves at length on this particular BiH. Madam, the object of simplifying the buy-back procedure is really to add to the liquidity in the market. And also use some reserves of the company, which is a transfer of that corporate wealth, for the benefit of the shareholders. Several questions have been raised, I wHI try to deal with each one of them. The hon. Member who spoke towards the end raised an issue from an article in the *Business Una,* as to why within this statutory change, a provision had not been made that stock exchanges are required to be intimated every time a buy-back does take place. Madam, we are not adding or altering the whole scheme of buy-back. Buy-back, as a concept under the Companies Act, was introduced in the year 1999. Whatever are the requirements in relation to the buy-backs, they do remain, except for one basic change which has been brought about, that is, ten,

out of those 25 per cent - that is the maximum that is permitted -can be permitted by a Resolution of the Board, rather than the original provision wherein a Special Resolution by the AGM of the Company was required. The requirement to intimate the Stock Exchange, even under the original law, was not a part of the Companies Act, but is a part of the listing agreement guidelines which have been issued by the SEBI. Under those guidelines under which intimation has to be made, any decision of the Company's Board, which alters the prices or alters the nature of the securities or the quantum of securities, is a major decision by the Board itself. And, under the listing agreement guidelines of the SEBI, it is required to be necessarily informed to the Stock Exchange. That guideline remains unaltered, and need not be substituted by provisions in the Companies Act itself.

Madam, a question has also been raised as to whether there is any kind of alteration in the concept of corporate democracy. In the scheme of the Indian Companies Act, there are several powers which are exercised by the Board. There are several powers which are exercised by the AGM of the Company. A Board is a denude of the jurisdiction, which the Companies Act confers upon it, or, the jurisdiction which the AGM may decide to confer upon it. The fact that there are two different organs under the Companies Act, which exercise respective powers, does not in any way show that corporate democracy, in any manner, is being altered.On the contrary, when ten per cent of these powers are being exercised by the Board, that is a power which, now, under the Companies Act itself, is exercised by the Board, just as several other powers are exercised by the Board itself. So, there are several powers which are under the Companies Act; which are under the jurisdiction of the Board itself, but that does not mean that the Companies Act corporate democracy in any way stands denuded.

Mr. Sibal raised a very important question: Whether this could be, in some circumstances, misused by a set of promoters for their own benefit or for the benefit of persons close to them. Let me just explain how this will really function. When a Company decides to buy back either ten per cent, under this change, or, 25 per cent, under the original law, the price at which it will buy back is not the price which the company decides as a predetermined price. The price varies ,from a day-to-day basis, as far as the stock exchange is concerned. The price is decided by the market itself. A

company may well start buying back; it may be able to buy a quarter of a percent on one day or half a percent on another day; and, as the purchases continue to increase, it is anticipated, on reasonable market behaviour, that the price of shares, because of the addition of liquidity to the stock market, as also the demand for that particular share being increased, the price can move up. Once the prices go up - Mr. Basu raised a question - what is your experience? How could this itself lead to an increase in prices? This itself, Mr. Basu is right, is not a complete answer to all the problems which exist in the stock exchange. Several steps are required.

And, he is absolutely right when he says that the credibility of the stock market operations in India has to increase and improve so that an ordinary person could repose faith in its credibility and become an investor. But, adding to the liquidity of the stock market, converting certain reserves into the liquidity process in the market, creating a demand for the shares of respective companies, is a must. And, once there is a demand for the shares of a large number of companies, it may be that a large number of companies may go in for the buy-back. You put the question that how many companies did it in the past. I checked this up and found that under the 1999 changed laws,...

SHRI KARL SIBAL: After 23rd October?

SHRI ARUN JAITLEY: Yes, I will answer that question. Under the 1999 changed laws, through the buy-back process, a total of Rs. 1467 crores was added to the liquidity of the market. Let me give you two figures. The values of the stock exchange — and, again, I am saying 'values of the stock exchange' - are not determined by one factor alone, sentiments do make a difference; future potentials make a difference; steps taken by the Government may make a difference; improved prospects of a quarter may actually make a difference; performance may make a difference; the FII's investments may make a difference, and there are several other factors which add to it. On both counts, I found out, we have, so far, through the continuing disclosure scheme, received intimation that, under the new Ordinance, already, three companies have intimated to the Stock Exchanges that they have decided to utilise it for the purposes of buy-back.

SHRI KAPIL SIBAL: They have not done the buy-iDack yet.

SHRI ARUN JAITLEY: But, the buy-back process will start once it....

SHRI KAPIL SIBAL: In other words, after 23rd October, till date, no buy-back has been done by any company.

SHRI ARUN JAITLEY: The process starts...

SHRI KAPIL SIBAL: I am asking that only.

SHRI ARUN JAITLEY: Whether the buy-back process has started or not, but, we have the intimation of Board Resolutions of three companies.

SHRI KAPIL. SIBAL: Mr. Minister, in your original statement, you made a solemn statement on the floor of the House that, because of buy-backs, you thought that the share prices had already gone up. That was why I put the question. #

SHRI ARUN JAITLEY: Mr. Sibal, I am...

SHRI KAPIL SIBAL: So, it is now clear that there has been no buyback after 23rd of October.

SHRI ARUN JAITLEY: Allow me to complete. The buyback process, under the original Special Resolution process, has been going on. I have given the figures. Under the new change, three companies have already availed of it. We have intimation of the Board Resolutions. On account of several factors - and this is one of those factors -- from 23rd October, till date, -the percentage change in the Sensex figures itself will show -- there has been a noticeable improvement. The figures are also before us. *...(Interruptions)...*

SHRI NILOTPAL BASU: I think, again, you are giving wrong facts.

SHRI SANGH PRIYA GAUTAM: Let him complete.

SHRI NILOTPAL BASU: No, no. I am not quarrelling. I am just pointing out something. One point is that the contribution of the new Ordinance is minuscule in this whole thing, because the share market had

come to its rock bottom. I mean, it could not have gone down further. Then, the figure of Rs. 1400 crores that you are getting, is also totally insignificant, compared to the total loss that has been suffered, in terms of market capitalisation. It is also insignificant, compared to the amount of liquidity that was artificially generated by the brokers sometimes, in nexus with some of these promoters at the time when the market moved.

SHRI KAPIL SIBAL: Just one minute. In fact, our inquiries have revealed that, in the past, -and the hon. Minister is right -- the prices were determined by the market forces. In the past, what had been happening was that companies were using certain institutions -- I won't take their names -- and certain entities to jack up the prices of a particular scrip so that when the price goes high, they could sell those scrips to benefit themselves and buy those very scrips when the price goes low or the week ends. So, the point that I am making to the hon. Minister is that this is precisely why we are subjecting this Bill to the caveat, and that is why we have placed before you- that this is going to be used by the promoters for the benefit of the members of their families and their associates.

उपसभापतिः महंगा होगा तो क्यों खरीदेंगे? सस्ता होगा तब ही खरीदेंगे ।

श्री कपिल सिब्बलः क्योंकि कैश रिजर्व से अपने आपको पैसा देंगे। आपके पास अगर 30 परसेंट स्टॉक है,अपने फैमिली मैंबर्स का या आपके असोसिएट्स का तो उसको कैश रिजर्व कम्पनीज से हाइक करके उनको पैसा दे देंगे और वहीं शेयर, जब मार्किट में दाम सस्ता हो जाएगा, तब सस्ता खरीद लेंगे। यह साफ जाहिर है, यही होता रहा है।

SHRI KARL SIBAL: This is one of the reasons why the stock market scam take place.

श्री सुरेश ए.केसवानी(महाराष्ट्र) **:** मंत्री जी इसीलिए हंस रहे हैं। ...(**व्यवधान**)...

श्री संघ प्रिय गौतमः आप सुझाव दे दीजिए।

श्री कपिल सिब्बलःमैं तो सुझाव देने को तैयार हूं।

SHRI ARUN JAITLEY: Madam, may I elaborate it? Let me elaborate because the illustration is not explicit to me.

THE DEPUTY CHAIRMAN: Let me hear.

SHRI ARUN JAITLEY: Madam, the buy-back adds to the liquidity of the market; the buy-back generates demand for the shares of a particular company which is being subjected to a buy-back; and the buy-back benefits the values, in terms of all shares of the company. Here, you have a company which has a large amount of reserves; the price is quoted at even lesser than the balance-sheet price. The shareholders have no option, but to sell it at the depleted price, at the depressed price. Once the company starts buying and generates demand, these shareholders have an option to sell, and the prices move up. It benefits the shareholders who are going to sell; in the case of shareholders who are not going to sell, and who have a capacity to hold on, the corresponding value of their shares also increases, because the shareholding base of the company gets contracted, gets reduced, to the extent of the buy-back. So, this kind of an illustration that promoters will start selling their shares is not correct. It is a well known fact that the general tendency of the promoters is not to sell, but to consolidate their holding; promoters remain in control by consolidating their holdings, not selling their shares in the market and reducing their holdings. So, this kind of an illustration that Mr. Sibal mentioned is not correct. In a hypothetical case, if it is possible, it may be some promoters who are defying the normal market logic. This actually goes to the benefit *...(Interruptions)...* This consolidates their holdings.

SHRI K. RAHMAN KHAN (Karnataka) : The scam which is going on is an indication as to how promoters manipulate the market. *...(Interruptions)...* The promoters wiH manipulate the market. *...(Interruptions)...*

SHRI ARUN JAITLEY: The promoters who manipulate the market will be taken to task. *...(interruptions)...*

THE DEPUTY CHAIRMAN: Let him complete. *...interruptions)...*

SHRI ARUN JAITLEY: The promoters who manipulate the market will be taken *...(Interruptions)...*

SHRI KARL SIBAL: That is why, Madam, the hon. Member, Shri Nariman has suggested that Bills of this nature should not be introduced through the Ordinance route, because we need a through discussion on such things .....*(Interruptions)...*

SHRI ARUN JAITELY: But we are having a discussion here. *...(Interruptions)...*

SHRI KAPIL SIBAL: This is no way of discussing it, because *...(Interruptions)...*

SHRI ARUN JAITLEY: We are having a discussion.

SHRI KAPIL SIBAL: No; because you need to send it to the Standing Committee. *...(Interruptions)...* What kind of discussion we are having? *...l/nterruptions)...* This is the problem. *...(Interruptions)...*

SHRI ARUN JAITLEY: We are having a discussion. *...l/nterruptions)...* Therefore, Madam, the normal principle behind a buy-back is that buy-back not only adds to the liquidity, but creates a demand; it raises the prices of shares where the small investors of a company who, otherwise, had no option, but to sell at the depressed prices, today, have a better option. Shareholders across the country - whether they want to sell or want to hold on - are going to benefit, once the market sentiment itself improves, and the fact of the matter is, amongst various factors, in the last few weeks, which have contributed to a somewhat improved market sentiments, this, certainly, has been a step in that direction. Mr. Nariman, Madam, made a very valuable observation with regard to Ordinances. I completely agree with him that the normal rule is, Ordinances are not to be resorted to, particularly, when subject matters are of such a nature that they always await till the Parliament assembles, and then they are taken up in Parliament. The Government is very conscious of this, and I can tell him that every time a suggestion for an Ordinance comes, one of the first questions we address ourselves is : Can it not wait till the next session of Parliament, or, is it so urgent that it must actually take place before the Parliament to assemble? Here is a situation where the market sentiment, which, since the month of March this year, was already depressed *...(Interruptions)...* March this year - because the Sensex was over 4200 points during that period. Madam, market sentiment was, particularly, depressed since 15th of March this year. And, after 11th September, the world over, steps were being taken, when the markets were down. Several steps were required to be taken to improve the market sentiments and, therefore, this was a matter which required to be dealt with urgently; and that is why the Government overcame this initial view that we had.

Normally, we don't try and issue Ordinances. But we did issue this Ordinance in the middle of October this year so that the market sentiment itself, could, somewhat, respond to it, and that, in some measure or the other, has responded. The market sentiment has improved. The Sensex, at one stage, was as low as 2600; even when the Ordinance was issued, il was less than 3000. The market sentiments, since that period of time, have, to some extent, improved. Madam, with these observations, I" commend this Bill to the hon. House. Our experience of working this Ordinance has been that it is going to help the market and, therefore, help the small investor. I request the House to give its approval to this particular Bill.

SHRI SURESH A. KESWANI: Madam, I think, this, itself, is a scam. If the Minister does not respond to this fact that the promoters can transfer the wealth which is with the company into their personal pockets *via* this mechanism, the Government is helping the scam. Some day, all this is going to boomerang on this nation. We have been trying to do something like this for the last several years. The first time when the Government decided that the public sector corporations should go to the market, buy the shares, we had the Harshad Mehta scam.

Thereafter, on a number of occasions continuously we have seen that the Government is trying to bring in regulations which are going to affect the market adversely. That way you will totally destroy the capital market, capital structure and the capital formation process. This 'is a warning. I think, the Government should respond to it.

SHRI NILOTPAL BASU: And I must bring this fact on record. Between March, 2000 and March, 2001, the SENSEX showed 1,000 points decline. This did not happen just after the presentation of the Budget. *...interruptions)...* So, his argument is totally misplaced. During one year, the market lost one thousand points.

SHRI SANGH PRIYA GAUTAM: Madam, they are very much confused. We are not discussing the scam. We are discussing the Ordinance.

SHRI NILOTPAL BASU: You are trying to confuse us.

SHRI ARUN JAITLEY: Madam, there is a procedural law. You

have a buy-Back system operating since 1999. There is a simplification of the procedure. I would request the hon. Members to be careful in using the phraseology to say that the simplification of procedure is scam.

SHRI SURESH KESWANI: We know it is to facilitate the corporate promoters. We are absolutely clear about it.

SHRI KARL SIBAL: Our point is why do you resort to the simplification of procedure through an ordinance?

THE DEPUTY CHAIRMAN: I have a simple answer or solution to it. There is a Statutory Resolution opposing it and there is a Bill before us. Both have been discussed. If you want to have a vote on it, we can do it and solve the problem.

SHRI KARL SIBAL: The issue is not of voting. Basically we do not want to stand in the way of the Government. If they want to go ahead with this experiment and hope that it will work, we wHI support them, but we only wish that they had not taken the ordinance route. If they had gone through the normal legislative process, we would have had a better discussion on it. We would have exchanged our views and facts. We are not opposing it.

SHRI ARUN JAjTLEY: We have taken a very serious note of the point that he has made.

THE DEPUTY CHAIRMAN: And you will consider it.

SHRI KAPIL SIBAL: I respect the seriousness of the hon. Minister and not of the Government.

THE DEPUTY CHAIRMAN: It is a joint responsibility. So, you have to take the Government along with him.

I shall now take up the Statutory Resolution moved by Mr. V. V. Raghavan. Mr. Raghavan, do you want to press with your Resolution?

SHRI V.V. RAGHAVAN: ,am, I sincerely hope the hon. Law Minister will discourage the rush t ordinances. With this hope, I withdraw my Resolution.

The *Resolution was, by leave, withdrawn*

THE DEPUTY CHAIRMAN: I shall now put the Bill, moved by Shri Arun Jaitley, to vote.

The question is:

"That the Bill further to amend the Companies Act, 1956, as passed by the Lok Sabha, be taken into consideration."

The *Motion was adopted.*

THE DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 4 were added to the Bill.

Clause 1, The Enacting Formula and The Title were added to the Bill.

ARUN JAITLEY: Madam, I move that the Bill be passed.

The *question was put and the motion was adopted.*

THE DEPUTY CHAIRMAN: I have one problem before me. There is a Bill which Mr. Satya Narayan Jatiya has brought before us - the National Commission for Safai Karamcharis (Amendment) Bill, 2001. I went through the Bill and found really nothing in that. "Nothing", in the sense, there is nothing controversial. Mr. Jatiya has a problem. The Vice-President of India, the Chairman of Rajya Sabha, is presiding over some function, where Mf. Jatiya has to be present because it is his programme. If the House agrees, if nobody is *...Interruptions)...*

SHRI JIBON ROY (West Bengal) : Madam, this Bill is required to be discussed. In the other House, there was a long discussion on this Bill.

THE MINISTER OF SOCIAL JUSTICE AND EMPOWERMENT (DR. SATYA NARAYAN JATIYA): No. It is a very small Bill.

THE DEPUTY CHAIRMAN: I am not saying, don't have a discussion. What I am saying is....

SHRI JIBON ROY: Madam, it is about safai karamcharis.

THE DEPUTY CHAIRMAN: The whole trouble with you *\s...l/nterruptions)...* Could you please listen? Sometimes, the Chair also draws your attention, as you draw the attention of the Chair. There are some Bills, between Mr. Arun Jaitley's and Dr. Satya Narayan Jatiya's. Immediately, after we finish the Indian Succession (Amendment) Bill, 2001, we should take up the National Commission for Safai Karamcharis Bill. Nowhere there was a suggestion that if you pass every Bill *.interruptions)...* I know that you are very concerned about karamcharis, whether safai or otherwise, your sentiments have been taken care of. If the House agrees, we will take up the Safai Karamcharis Bill immediately after the Indian Succession Bill.

THE INDIAN SUCCESSION (AMENDMENT) BILL, 2001

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY): Madam Deputy Chairman, I move :

> "That the Bill further to amend the Indian Succession Act, I925,be taken into consideration."

The Indian Succession Act, 1925, was aimed at consolidating the law relating to testamentary and intestate succession, as was prevalent at that time in the country. Chapter II of Part V of this Act mainly deals with intestate succession of Christians. There are two particular provisions which this Bill seeks to amend. Section 32 of the Act, in this Chapter, recognizes